

Beginning January 1, 2000, gross receipts from proceeds from the sale of new or used automatic vending machines that prepare hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines are exempt from Retailers' Occupation Tax. 35 ILCS 120/2-5(32). (This is a GIL).

March 6, 2000

Dear Xxxxx:

This letter is in response to your letter dated February 6, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

I am writing you for your opinion on one of the sales tax exemptions. On February 2, I was directed to speak to PERSON concerning the exemption on sales tax on the purchase of equipment used to manufacture tangible personal property for retail sale. She informed me that the law included vending machines that 'manufacture' popcorn and coffee.

My question is, we take ice cream mix and sometimes add flavorings. Put this in the machine in liquid form and it comes out ice cream. We sell ice cream cones, sundaes and quart containers solid frozen for sale on a later date.

Do you feel this meets the criteria discussed above ? Thank you for your time and I'm looking forward to your reply.

Beginning January 1, 2000, gross receipts from proceeds from the sale of new or used automatic vending machines that prepare hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines are exempt from Retailers' Occupation Tax. 35 ILCS 120/2-5(32). This exemption is only applicable to "automatic vending machines" that prepare "hot" food and beverages. From the limited description in your letter, it does not appear that the machine about which you are inquiring is an automatic vending machine. Also, ice cream does not qualify as a hot food.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

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If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Gina Roccaforte
Associate Counsel

GR:msk
Enc.